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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 29, 2015

CERTIFIED RETURN RECEIPT
70140150000011942739

Chip Zeigler
Zeigler Chemical and Minerals
600 Prospect Ave. BLDG A
Piscataway, NJ 08854-1414

Subject: Proposed Assessment for State Notice of Violation No. MN-2014-60-03, Zeigler Chemical and Minerals, Tom Taylor Mine, S/047/0065, Uintah County, Utah

Response Due By: 30 Days of Receipt

Dear Mr. Zeigler:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the assessment officer for assessing penalties under R647-7.

Enclosed is the proposed civil penalty assessment for the above referenced notice of violation). The NOV was issued by Division inspector, April Abate on August 8, 2014. Rule R647-7-103 et. seq. has been utilized to determine the proposed penalty of \$484.00. The enclosed worksheet outlines how the civil penalty was assessed.

By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this NOV has been considered in determining the facts surrounding the violation and the amount of this penalty.

Under R647-7-106, there are two informal appeal options available to you. You may appeal the 'fact of the violation', the proposed civil penalty, or both. If you wish to informally appeal you should file a written request for an informal conference within thirty 30 days of receipt of this letter.

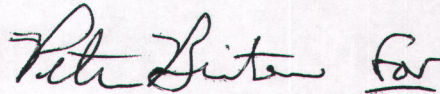
The informal conference will be conducted by a Division-appointed conference officer. The informal conference for the fact of the violation is distinct from the informal assessment conference regarding the proposed penalty. If you wish to review both the fact of the violation and proposed penalty assessment, you should file a written request for an assessment conference within thirty (30) days of



receipt of this letter. In this case, the assessment conference will be scheduled immediately following the review of the fact of the violation.

If a timely request for review is not made, the fact of the violation will stand, the proposed penalty will become final, and will be due and payable within thirty (30) days of the date of this proposed assessment (by March 1, 2015). Please remit payment to the Division, mail c/o Sheri Sasaki.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lynn Kunzler", followed by a small, stylized mark that looks like "for".

Lynn Kunzler
Assessment Officer

LK:eb

Enclosure: Proposed assessment worksheet

cc: Sheri Sasaki, Accounting
Vickie Southwick, Exec. Sec.

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WORKSHEET FOR ASSESSMENT OF PENALTIES
DIVISION OF OIL, GAS & MINING
Minerals Regulatory Program

NOV / CO #: MN-2014-60-03 PERMIT: S/047/0065
 COMPANY / MINE Ziegler Chemical and Minerals / Tom Taylor Mine
 ASSESSMENT DATE January 29, 2015
 ASSESSMENT OFFICER Lynn Kunzler

I. HISTORY (Max. 25 pts.) (R647-7-103.2.11)

- A. Are there previous violations, which are not pending or vacated, which fall three (3) years of today's date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS (1pt for NOV 5pts for CO)
<u>None</u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>
TOTAL HISTORY POINTS		<u>0</u>

II. SERIOUSNESS (Max 45pts) (R647-7-103.2.12)

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or Administrative (B) violation? (A) event
 (assign points according to A or B)

A. EVENT VIOLATIONS (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?
Loss of reclamation/revegetation potential
2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>POINT RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

ASSIGN PROBABILITY OF OCCURRENCE POINTS 5

PROVIDE AN EXPLANATION OF POINTS:

Not having an appropriate bond could affect the State's ability to reclaim should the operator fail to reclaim. At this point it is considered unlikely to happen and there is still potential for bond forfeiture, even though the Bond Company Rating is below that which is required. Points were therefore assigned at the mid-point of the unlikely range.

3. What is the extent of actual or potential damage: Damage would occur only to the extent that there would not be sufficient funds from a forfeiture to fully reclaim the site.

ASSIGN DAMAGE POINTS(RANGE 0-25) 5

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

PROVIDE AN EXPLANATION OF POINTS: As discussed under #3 above, damage would only occur if insufficient funds are released due to the lower rating of the bond company. Since this is unlikely to occur, points are place at 1/5 the range.

B. ADMINISTRATIVE VIOLATIONS (Max 25pts)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? _____

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS _____

PROVIDE AN EXPLANATION OF POINTS: Without annual reports, it may difficult for an inspector to determine status of areas being affected by operations, or where all disturbances are located. Since this is only One year past due, points were assigned at mid-point of the lower 1/5 of the range.

TOTAL SERIOUSNESS POINTS (A or B) 10

III. DEGREE OF FAULT (Max 30 pts.) (R647-7-103.2.13)

A. IF SO--NO NEGLIGENCE; or, , IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.	Point Range
No Negligence (Was this an inadvertent violation which was unavoidable by the exercise of reasonable care?)	0
Negligence (was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care?)	1-15
Greater Degree of Fault (was this a failure to abate any violation or was economic gain realized by the permittee?)	16-30

STATE DEGREE OF NEGLIGENCE Negligent

ASSIGN NEGLIGENCE POINTS 12

PROVIDE AN EXPLANATION OF POINTS: Inspector indicated that the operator had provided a new surety for other operations, but neglected to do this one, demonstrating indifference to our requirements. The operator had also been given two written directives to provide the upgraded bond. Points are therefore assigned at the mid-point of the upper 1/3 of the range..

IV. GOOD FAITH (Max 20 pts.) (R467-7-103.2.14)

(Either A or B) (Does not apply to violations requiring no abatement measures, or violations not abated at the time of assessment)

Has Violation Been Abated? Yes

- A. **EASY ABATEMENT** (The operator had onsite, the resources necessary to achieve compliance of the violated standard within the permit area.)

	<u>Point Range</u>
Immediate Compliance (Immediately following the issuance of the NOV)	-11 to -20
Rapid Compliance (Permittee used diligence to abate the violation. Violation abated in less time than allotted.)	-1 to -10
Normal Compliance (Operator complied within the abatement period required, or, Operator requested an extension to abatement time)	0

- B. **DIFFICULT ABATEMENT** (The operator did not have the resources at hand to achieve compliance, or the submission of plans was required prior to physical activity to achieve compliance.)

	<u>Point Range</u>
Rapid Compliance (Permittee used diligence to abate the violation. Violation abated in less time than allotted.)	-11 to -20
Normal Compliance (Operator complied within the abatement period)	-1 to -10
Extended Compliance (Operator complied within the abatement period required, or, Operator requested an extension to abatement time) (Permittee took minimal actions for abatement to stay within the limits of the violation, or the plan submitted for abatement was incomplete.)	0

EASY OR DIFFICULT ABATEMENT? Difficult abatement (plans were required.

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS: Surety was not replaced in the timeframe allotted, good faith points are not awarded.

V. ASSESSMENT SUMMARY (R647-7-103.3)

I.	TOTAL HISTORY POINTS	<u>0</u>
II.	TOTAL SERIOUSNESS POINTS	<u>10</u>
III.	TOTAL NEGLIGENCE POINTS	<u>12</u>
IV.	TOTAL GOOD FAITH POINTS	<u>0</u>
	TOTAL ASSESSED POINTS	<u>22</u>
	TOTAL ASSESSED FINE	<u>\$484.00</u>